

Message Text

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ACTION IO-13

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FOR IO ASSISTANT SECRETARY MAYNES

E.O. 11652: N/A
TAGS: AORG, EAGR, FAO
SUBJECT: FAO PROGRAM OF WORK AND BUDGET 1978-79

A) STATE 91895; B) GARDNER-MAYNES TELCON APRIL 25; C) STATE
93112

SUMMARY:

I PRESENTED TO FAO DIRECTOR-GENERAL SAOUMA APRIL 26 IN PRELIMINARY FASHION THE U.S. VIEW THAT UNDP SHOULD BECOME THE CENTRAL SOURCE OF UN DEVELOPMENT FUNDING AND THAT FAO AND OTHER SPECIALIZED AGENCIES SHOULD PHASE OUT THEIR TECHNICAL ASSISTANCE PROGRAMS FUNDED FROM WITHIN THEIR OWN BUDGETS. HE MADE IT QUITE CLEAR IN HIS RESPONSE THAT HE IS DETERMINED TO CONTINUE WITH THE FAO TECHNICAL COOPERATION PROGRAM. OUR CONVERSATION IS REPORTED IN DETAIL, TOGETHER WITH MY COMMENTS, AND REQUEST FOR GUIDANCE FOR MY MEETING WITH THE GENEVA GROUP IN ROME ON APRIL 29 AND A SECOND MEETING WITH DIRECTOR-GENERAL SAOUMA ABOUT MAY 2. END SUMMARY

1. AT THE OUTSET OF MY MEETING WITH FAO DIRECTOR-GENERAL SAOUMA EARLY APRIL 26, I SAID I WANTED TO INFORM HIM IN PRELIMINARY FASHION OF A PROBLEM THAT THE UNITED STATES GOVERNMENT HAS WITH RESPECT TO LIMITED OFFICIAL USE

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HIS PROPOSED PROGRAM OF WORK AND BUDGET. THE CARTER ADMINISTRATION IS PRESSING FOR A SUBSTANTIAL INCREASE IN U.S. CONTRIBUTIONS TO UNDP. IT IS HARD, HOWEVER, FOR US TO PERSUADE CONGRESS TO PROVIDE THIS INCREASE TO UNDP WHEN UN SPECIALIZED AGENCIES ARE CONTINUING TECHNICAL ASSISTANCE PROGRAMS FROM WITHIN THEIR OWN REGULAR BUDGETS. WE BELIEVE NOT ONLY THAT UNDP SHOULD BE THE PRIMARY SOURCE OF FUNDING FOR DEVELOPMENT BUT ALSO THAT IT SHOULD

IDEALLY BE THE SOLE SOURCE. WE HOPE THE SPECIALIZED AGENCIES CAN PHASE OUT THEIR TECHNICAL ASSISTANCE PROGRAMS.

2. SAOUMA SAID HE WAS SURPRISED TO HEAR THIS. HE HAD NOT BEEN PREVIOUSLY INFORMED, HERE, OR IN WASHINGTON DURING HIS RECENT VISIT, OF ANY CHANGE IN THE U.S. ATTITUDE TOWARD HIS TECHNICAL COOPERATION PROGRAM. HE SAID IT IS "TOO LATE NOW" TO CHANGE FAO'S TECHNICAL COOPERATION PROGRAM, WHICH HAS BECOME AN INTEGRAL PART OF THE REGULAR FAO BUDGET, AND IS IN FACT THE MOST "POPULAR" PART OF THE FAO PROGRAM SO FAR AS THE DEVELOPING COUNTRIES ARE CONCERNED. THE UNITED STATES HAD SUPPORTED IT IN LAST JUNE'S FAO COUNCIL MEETING, AND HE HAD HOPED THE U.S. AND FRANCE WOULD CONTINUE TO SUPPORT IT, ALTHOUGH HE IS AWARE THAT SOME DEVELOPED COUNTRIES --E.G. GERMANY, JAPAN, AND CANADA -- ARE OPPOSED TO IT. IN ANY EVENT WE HAVE PASSED THE "POINT OF NO RETURN" AND HE CANNOT NOW TURN BACK.

3. SAOUMA THEN SUMMARIZED FOR ME THE ORIGINS AND CONCEPT OF THE FAO TECHNICAL COOPERATION PROGRAM. HIS PREDECESSOR, DIRECTOR-GENERAL BOERMA HAD PROPOSED IN HIS LAST BUDGET PROPOSAL AN INCREASE OF SOME 550 POSITIONS IN THE HEADQUARTERS STAFF IN ROME. THE UNITED STATES AND MANY OTHER COUNTRIES CONSIDERED THIS A SCANDALOUS INCREASE, WHICH ENTAILED RECURRING EXPENSE IN SALARIES. FOR 25 YEARS, FAO HAD BEEN EXPANDING ITS HEADQUARTERS STAFF, ADDING SPECIALISTS FOR EVERY CONCEIVABLE SPECIALTY. IT HAD COME TO THE POINT THAT 78 PERCENT OF THE BUDGET WAS BEING SPENT ON SALARIES, AND 11 PERCENT ON PUBLICATIONS, MOST OF WHICH WERE NOT READ. THERE WAS NO LONGER ANY ROOM FOR ADDITIONAL PERSONNEL. WRITING AND STUDYING PUBLICATIONS DOES NOT SOLVE FOOD PROBLEMS. THESE ARE SOLVED BY WORK IN LIMITED OFFICIAL USE

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THE FIELD. HE CUT MOST OF THE NEW POSITIONS, AND HAS SINCE RECOMMENDED FOR THE FIRST TIME IN UN HISTORY AN ACTUAL REDUCTION IN HEADQUARTERS STAFF. HE USED THE SAVING FOR THE TECHNICAL COOPERATION PROGRAM, TO PUT FAO INTO THE FIELD. HE DOES NOT ACCEPT THE IDEA THAT UNDP IS THE ONLY AGENCY FOR THE FUNDING OF DEVELOPMENT PROJECTS. WHO AFTER ALL HAS DEVOTED 50 PERCENT OF ITS BUDGET TO TECHNICAL ASSISTANCE IN THE FIELD, AND THE GROUP-77 IN WHO HAS RECOMMENDED THIS BE INCREASED TO 62 PERCENT. THE FAO TECHNICAL ASSISTANCE PROGRAM DOES NOT COMPETE OR DUPLICATE THAT OF UNDP, BUT COMPLEMENTS IT INSTEAD, BY INITIATING PROJECTS UNDP IS UNABLE AT THE MOMENT TO TAKE ON, AND "SEED" PROJECTS. FOR EXAMPLE, IN HIS VISIT OVER THE WEEK-END TO EGYPT, HE HAD AGREED TO A \$50,000 PROJECT WHICH UNDP COULD NOT TAKE ON, BUT WHICH MAY DEVELOP INTO A SUBSTANTIAL AND IMPORTANT UNDP PROJECT. HE IS ALSO GENERALLY TRYING TO KEEP HIS FIELD OFFICERS TOGETHER WITH UNDP, AND HAS SO DECIDED IN EGYPT.

4. I ASSURED DR.SAOUMA THAT THE U.S. GOVERNMENT IS APPRECIATIVE OF HIS EFFORTS IN REDUCING THE HEADQUARTERS STAFF, AND PLACING THE

IMPACT OF THE ACTIVITIES WHERE THE NEED LIES. I ASKED HIM TO UNDER-
STAND OUR SERIOUS DIFFICULTY IN TRYING TO MOVE AHEAD ON UNDP FUNDING
WHEN THE SPECIALIZED AGENCIES ARE CONTINUING AND INCREASING THERE OWN
REGULAR BUDGET DEMANDS FOR PARALLEL PURPOSES. WE ARE NOT TRYING
TO CUT FAO OUT OF FIELD ACTIVITIES; TO THE CONTRARY FAO WOULD
CONTINUE TO BE THE EXECUTING AGENCY OF THE INCREASING PROJECTS IN THE
FIELD OF AGRICULTURE. THE PROBLEM IS SIMPLY ONE OF THE CHANNELING OF
FUNDS, WHICH WE THINK SHOULD BE UNIFIED IN UNDP. AS FOR THE WHO
PRECEDENT, I COMMENTED THAT WE HAVE ALWAYS LOOKED ON WHO AS A SPECIAL
AGENCY WHICH NEEDED TO HAVE FIELD ACTIVITIES TO BE EFFECTIVE, BUT
IS NOT ESSENTIALLY PART OF THE DEVELOPMENT COMPLEX. FAO ON THE
OTHER HAND IS ONE OF THE MAIN DEVELOPMENT AGENCIES, AND THUS
SHOULD BE TIED IN CLOSELY WITH UNDP FUNDING.

5. SAOUMA SAID AGAIN THAT HE DID NOT ACCEPT THE CONCEPT OF
UNIFIED FUNDING THROUGH UNDP. HE BELIEVES THAT IS ENOUGH THAT
FAO WORK CLOSELY WITH UNDP. HE HAS FOUND THE FUNDS WITHIN FAO'S
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REGULAR BUDGET BY CUTTING HEADQUARTERS PERSONNEL, AND BELIEVES HE
SHOULD BE PERMITTED TO USE THEM IN THE FAO TECHNICAL COOPERATION
PROGRAM. HE IS KEEPING THE PROGRAM AT A MODEST LEVEL OF ABOUT 10
PERCENT. HE ADDED THAT THE CONCEPT OF UNIFIED UNDP FUNDING IS
NOT GENERALLY ACCEPTED, POINTING OUT THAT THE VARIOUS SPECIALIZED
AGENCIES HAVE THEIR OWN CONSTITUTIONS CALLING FOR TECHNICAL ASSIST-
ANCE ACTIVITIES, AND NOTING THAT THE FACT THAT THE HEAD OF UNDP IS
ALWAYS AND AMERICA DOES NOT MAKE IT HIGHLY POPULAR WITH THE DEVELOP-
ING COUNTRIES. HE SAID THAT GO GIVE UNDP UNIFIED CONTROL OVER ALL
TECHNICAL ASSISTANCE FUNDING WAS PREJEDGING THE RESULTS OF THE UN
RESTRUCTURING COMMITTEE. HE LIKENED THE ACTIVITIES OF THE SPECIAL-
IZED AGENCIES TO INDIVIDUAL MINISTRIES OF A NATIONAL GOVERNMENT,
EACH OPERATING WITHIN ITS OWN BUDGET WITHIN ITS OWN SPECIAL FIELD.
I POINT OUT THAT THE UN AGENCIES, UNLIKE A NATIONAL GOVERNMENT,
HAVE NO PRIME MINISTER TO SET PRIORITIES AND BALANCE. HE REF-
ERRED TO THE POSSIBILITIES OF ECOSOC OR ACC COORDINATION BUT I QUES-
TIONED THAT SUCH COMMITTEES COULD EFFECT A COORDINATION. I
COMMENTED THAT THE SYSTEM REQUIRED A DELICATE BALANCE BETWEEN
PLURALISM AND SPECIALIZATION ON THE ONE HAND AND COORDINATION ON
THE OTHER. I ASKED HIM HAT HE THOUGHT OF THE 1975 REPORT OF
EXPERTS ON THE RESTRUCTURING OF THE UN (WHICH I HAD UNDER-
STOOD FAO REGARDED FAVORABLY), AND HE COMMENTED THAT
HE PERSONALLY HAD CONSIDERED IT "MOST DAMAGING".

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6. THROUGHOUT, SAOUMA WAS FRIENDLY, AND APPRECIATIVE OF THE U.S. ROLE. I REMINDED HIM OF THE LEADING AND PROGRESSIVE ROLE WE HAD TRIED TO TAKE, AND OF THE U.S. ROLE IN THE FOUNDING OF FAO. HE GAVE US FULL MARKS FOR THIS, POINTING OUT HE HAD MADE MUCH THE SAME STATEMENTS IN HIS RECENT SPEECH TO THE AMERICAN CLUB IN ROME.

7. I SAID I WOULD LIKE TO TALK WITH HIM AGAIN ON THIS QUESTION ON MONDAY, MAY 2, AND HE SAID HE WOULD MAKE HIMSELF AVAILABLE.

8. COMMENT: SAOUMA IS OBVIOUSLY FIRMLY DETERMINED TO PRESS AHEAD WITH FAO'S TECHNICAL COOPERATION PROGRAM. IF WE CHALLENGE HIS BUDGET PROPOSALS TO THAT EFFECT FOR 1978-79, PART OF HIS SUMMARY OF PROGRAM OF WORK AND BUDGET DISTRIBUTED IN MARCH SHORTLY AFTER HE HAD DISCUSSED IT WITH THE GENEVA GROUP, GROUP-77, AND OTHER MEMBER COUNTRIES, I BELIEVE WE WILL BE IN FOR A BITTER AND LOSING BATTLE AGAINST SAOUMA AND THE GROUP-77 MEMBER COUNTRIES, WHICH MAY DAMAGE THE RAPPORT WE HAVE DEVELOPED IN THE FOOD AND AGRICULTURE SECTOR AND DISCREDIT OUR OWN NEW INITIATIVES IN THOSE FIELDS. EVEN IN THE LONGER RANGE, IT WILL TAKE A CAMPAIGN OF PERSUASION AND PERHAPS SOME NEW APPROACHES TO GET SAOUMA TO PHASE HIS TECHNICAL COOPERATION PROGRAM DOWN AND OUT. I INTEND TO INFORM THE GENEVA GROUP HERE FRIDAY, APRIL 29,
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OF MY CONVERSATION WITH SAOUMA, AND TO ELICIT THEIR ASSESSMENT OF THE LIKELIHOOD OF PHASING THE FAO TECHNICAL COOPERATION PROGRAM OUT, IN 1978-1979 OR LATER, BEFORE GIVING THEM MY OWN ASSESSMENT.

9. EXCEPT FOR THE CENTRAL POINT OF THE NEED FOR UNIFIED FUNDING OF UN DEVELOPMENT PROJECTS, I FEAR THE ARGUMENTS WE ARE PREPARED TO USE (REF A) ARE NOT VERY STRONG. IF WE ADVANCE THE ARGUMENT THAT THE INCREASE IN UNDP FUNDING WILL FILL FAO'S NEEDS, FAO ON THINKING IT THROUGH WILL REALIZE THAT UNDP WILL NOT PICK UP THE SHORT-TERM AND EMERGENCY PROJECTS OF THE FAO TECHNICAL COOPERATION PROGRAM, AND THAT THE INCREASED UNDP FUNDING OF FAO WILL BE ONLY A SLIGHT INCREASE OVER THE 1975 LEVEL OF FUNDING IN DOLLAR TERMS, AND PROBABLY A DECREASE IN REAL TERMS, CONSIDERING INFLATION. SINCE THE DIRECTOR-GENERAL IS TAKING A FIRM STAND AGAINST ANY ABANDONMENT OF HIS TECHNICAL COOPERATION PROGRAM, THERE IS NOT MUCH POINT NOW IN ENTERING INTO QUID PRO QUO BARGAINING, BUT WHEN WE DO THESE QUIDS REALLY WON'T BE VERY ATTRACTIVE TO HIM, SINCE THEY REPRESENT POINTS HE EITHER HAS ALREADY OBTAINED GENERAL SUPPORT FOR WITHIN THE FAO COUNCIL OR FOR WHICH HE CAN EASILY OBTAIN SUPPORT. THE FAO COUNCIL HAS ALREADY GIVEN GENERAL SUPPORT TO THE CARRY-OVER OF UNUSED TECHNICAL COOPERATION PROGRAM RESOURCES AND THE FAO FUNDING OF FAO COUNTRY REPRESENTATIVES. THE BUDGET INCREASE OF ONLY 6.8 PERCENT IN REAL TERMS IS A MODEST INCREASE, AND THE UNDP WILLINGNESS TO CONTINUE THE PAYMENT OF 14 PERCENT OVERHEAD IS UNQUESTIONABLY KNOWN TO FAO. OUR GENERAL POSITION IN CHALLENGING HIS PROGRAM AT THIS TIME IS WEAKENED BY THE FACT THAT WE ACCEPTED IT ONLY LAST YEAR ON A TRIAL BASIS: THE TRIAL PERIOD IS FAR FROM COMPLETED, AND THE REPORTS WE HAVE RECEIVED ON THE PROJECTS THUS FAR SHOW THAT HE HAS GENERALLY COORDINATED QUITE EFFECTIVELY WITH UNDP.

10. DESPITE THE LOGIC OF THE ARGUMENT TO THE CONTRARY (REF A, PARA 14), I FEAR THAT A CONFRONTATION WITH SOUMAN AT THIS TIME WOULD LEAD HIM SILENTLY NOT TO SELECT AMERICANS FOR SOME OF THE KEY LIMITED OFFICIAL USE

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POLICY POSITIONS WE ARE HOPING FOR.

11. LASTLY, I NOTE THE STATUS OF GENEVA GROUP ACTION ON THE TECHNICAL COOPERATION PROGRAM. UNDER THE GUIDANCE OF THE GENEVA GROUP CONSULTATION LEVEL XIV DECISIONS ON MARCH 29-30, THE GENEVA GROUP HERE IS CONDUCTING A STUDY OF FAO TECHNICAL ASSISTANCE ACTIVITIES, WITH A VIEW TO ARRIVING AT A JUDGMENT AS TO WHICH OF THEM SHOULD BE CARRIED OUT BY UNDP AND WHICH BY FAO. THIS STUDY, HOWEVER, IS ONLY IN ITS EARLY STAGES, AND IS ENCOUNTERING DIFFICULTIES IN DRAWING CLEAR-CUT LINES WITHOUT MORE SPECIFIC GUIDANCE FROM GOVERNMENTS. THE GENEVA GROUP MEETING ON APRIL 29 IS FOCUSING ON THIS ISSUE BUT IS UNLIKELY TO REACH DEFINITE DECISIONS EITHER ON ITS OWN OR UNDER INITIATIVES OF MINE IN TIME TO COORDINATE THEM WITH GOVERNMENTS AND ADDRESS THEMSELVES TO THE DIRECTOR-GENERAL BEFORE HE DEPARTS MAY 7 ON AN EXTENDED TRIP TO THE FAR EAST AND SOUTH ASIA. WE MIGHT ARRIVE AT

A COORDINATED GENEVA GROUP OR SMALLER COORDINATION BEFORE THE JUNE COUNCIL, BUT WE WILL HAVE PRACTICALLY NO OPPORTUNITY TO TRY TO INFLUENCE THE DIRECTOR-GENERAL BEHIND THE SCENES, WHICH I BELIEVE TO BE BY FAR PREFERABLE TO CONFRONTATION ON THE FLOOR OF THE COUNCIL AS A METHOD OF ACTION ON THIS PROBLEM.

12 REQUEST FOR GUIDANCE: I WOULD WELCOME GUIDANCE AND SUGGESTIONS FROM WASHINGTON: A) FOR MY TALK WITH THE GENEVA GROUP HERE APRIL 29 -- SPECIFICALLY WHETHER I SHOULD POSE ANY PROPOSALS FOR THEM TO PRESENT TO GOVERNMENTS, AND B) FOR MY NEXT MEETING WITH SAOUMA. GARDNER

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Message Attributes

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